



**Bureau Veritas Certification
North America, Inc.
SFI Forest Management Audit Report**

390 Benmar Drive, Suite 100
Houston, TX 77060
Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	TRG Threshold
Contact Person	Eric Stier
Address	850 W. Sharon Ave., Suite 2, Houghton, MI 49931
Phone / Fax	906-483-0820/906-483-0862/eric.stier@amforem.com
PQC Code	E01A
Contract Number	

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	3	Scope extension audit:	
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Audit Summary
Introduction
<p>Bureau Veritas Certification undertook a surveillance audit of the TRG Threshold Timber Corporation (formerly GMO Threshold Timber Corp.) lands in northwestern Michigan from August 8 to August 9, 2018. The TRG lands are managed by the American Forest Management Company. More than 70% of the forest is Northern Hardwoods (Maple, Beech, Oak, and Birch) with the remainder being in intolerant hardwoods (Aspen) and softwoods (Spruce, Pine, Cedar).</p>
Audit Scope, Objectives and Process
<p>The objective of the audit was to determine TRG's conformance to Sustainable Forest Initiative 2015-2019 forest management standard. The audit scope includes 437,627 acres of forest TRG owns on the Upper Peninsula of Michigan.</p> <p>The audit was conducted against the SFIS 2015-2019 forest management standard. Specifically, two objectives of the SFI surveillance audit were to:</p> <ol style="list-style-type: none"> 1. Verify that the Program Participant's SFI Program is in conformance with the SFI Objectives, Performance Measures, and Indicators, and any additional indicators that the Program Participant chooses, and 2. Verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground. <p>For this surveillance audit SFI Objectives 2, 3, 4, 6, 10, 11, 14, 15 were examined, additionally performance measure 1.2 is examined at every audit. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the Bureau Veritas Certification SFI Auditor Handbook.</p> <p>Over the course of the audit the SFI system was examined including reviews of the forest planning documents, the EMS system, the monitoring systems and the documented procedures. Seven sites were visited to determine implementation efficiency and conformance to the standard. Additionally, the TRG wood yard at Quinnesec Michigan to observe merchandising operations for high quality hardwoods.</p>

Audit Plan

An audit plan was prepared and provided to the client prior to the audit. The plan identifies the various activities and processes being audited. Initial site selection was done in the week before the audit using maps and records provided by the forest manager. A copy of the audit plan is on file with Bureau Veritas Certification North America.

Company Information

TRG Threshold is a timberland investment management organization, owning and managing timberland throughout the United States. This certification is limited to its 437,627 (as per the 2014 inventory) acres of land owned in the Upper Peninsula of Michigan.

Audit Results

The audit began with a document review that examined revised processes and procedures and monitoring records. During the field portion of the audit eight sites were visited to determine implementation efficiency and conformance to the standard. Two aspen clear cut and five Northern Hardwood sites with a variety of silvicultural prescriptions were examined (Figure 1).



Figure 1. Hardwood improvement cut on the Earl Block

Objective 1-Forest Management Planning:

There was no evidence of forest conversion to different forest types or land types. On the TRG forest natural renewal is used on all forest types to ensure they regenerate. During the audit aspen clear cuts and maple section harvests were both found to be regenerating appropriately. The Company has challenges with maple regeneration on certain site types which they are addressing through variety of trials.

Objective 2-Forest Health and Productivity:

Harvest plans for each tract describe current and future treatments. All regeneration is natural with selection management in tolerant hardwoods and clear cut harvesting in aspen which were seen to regenerate very well throughout the forest. Given the forest type being managed the Company primarily uses partial harvest systems and where needed individual tree marking. Residual stand condition is a priority, there was no residual stand damage found in the five partial harvest blocks inspected during the audit.

The harvest sites examined all had ample down woody debris and course woody material as well. There were no incidences of rutting and in wet area slash has been used to protect trails. Approximately 65% of the forest is in partial cut systems. Depending upon the prescription the high quality pole wood and regeneration are left. Also habitat trees and den trees are preserved on site, on the Country Park block we witnessed a hawk using a residual tree as a perch for hunting.

Company foresters diligently monitor the forest for safety, security and forest health. Through their monitoring they have uncovered maple decline, poor maple regeneration on some sites, and spruce budworm infestations. They are also on the lookout for Emerald Ash Borer.

Objective 3-Protection and Maintenance of Water Resources:

Care is taken when operating around water and wetlands. State BMPs are applied on all water bodies. Throughout the field audit there were no instances found of improper BMP work around waterbodies. Riparian buffers met or exceeded the BMP minimum. Water crossings were observed to be well maintained and posed no threat to water quality.

Objective 4-Conservation of Biological Diversity:

The Conservation of Biological Diversity is an objective in TRG management plan. Data is available on species which require protection. They use the Michigan Natural Features Inventory when planning all harvest blocks. Additionally, they have used the State data to help identify two old growth white pine stands which have been protected.

Through normal silvicultural practices the Company provides for stand level diversity. On all partial harvest sites marking instructions and logging instructions provide clear direction on what should be retained on site. Many cavity trees, downed woody debris, and mast trees were found remaining in harvested areas.

TRG is working with state and federal agencies initiatives to preserve bat hibernacula and Golden Wing Warbler habitat. They also work with the state and various agencies to limit the spread of exotic plants. Contractors are to minimize the movement of vegetation of seed by cleaning machinery

Objective 5-Management of Visual Quality and Recreational Benefits:

Not Audited

Objective 6-Protection of Special Sites:

The Company maintains a register of special sites it has identified across its Michigan forest, currently there are six sites which are being protected. Most are cultural heritage sites reflecting the history of the region but they also maintain an old growth white pine stand.

Objective 7-Efficient Use of Fiber Resources:

During the audit the high number of product sorts occurring at each landing was noted, in some cases

more than 20 products are being sorted and shipped. The auditor also got to inspect the Quinnesec log yard where one of the annual log auctions was underway (Figure 2) .



Figure 2. Bird's Eye and Curly Maple logs presented for auction

Objective 8: Recognize and Respect Indigenous People’s Rights:

Not Audited

Objective 9-Legal and Regulatory Compliance:

Not Audited

Objective 10-Forestry Research, Science and Technology:

TRG/AFM fund and facilitate research on their forest. Through the SIC, money is earmarked for research. Additionally, there is a block grant provided to NCASI fund a variety of research projects. TRG/AFM support Michigan Tech research into maple decline on the property. For the past 30 years the forest has been part of the Calumet water quality study.

Objective 11-Training and Education:

Staff training and education is important to AFM. In discussion it was apparent that all staff understood their roles and responsibility with regards to the SFI. All field staff are trained foresters. Training is provided to all staff on a variety of topics (e.g. forest pests, forest productivity, wildlife habitat, RTEs). All harvesting contractors are required to meet state training requirements and all road construction must have had BMP training. During

Objective 12-Community Involvement and Landowner Outreach:

Not Audited

Objective 13: Public Land Management Responsibilities:

Not Applicable

Objective 14-Communications and Public Reporting:

Copies of previous audit reports are available on the SFI website for public distribution and consumption. TRG/AFM annually prepare and submit SFI annual progress reports which summarize the previous year's activities.

Objective 15-Management Review:

A management review was undertaken July 29, 2016 with senior staff from AFM & TRG along with the AFM manager.

Findings

Previous non-conformances:

None

Non-conformances:

None

Opportunities for Improvement:

None

Notable Practices:

None

Logo/label use:

Neither TRG nor AFM use either the SFI or Bureau Veritas trademarks.

SFI reporting:

The 2017 audit report was found on the SFI website.

Conclusions

A closing meeting was held at Watersmeet MI on August 9, 2018, in attendance were the AFM general manager, and one of the senior field foresters. The auditor reviewed the audit process and summarized results. Given the positive results of the audit it is recommend that TRG Threshold Michigan be continued.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:										
Audit Date(s):		From: August 8, 2018				To: August 9, 2018				
Number of SF02's Raised:				Major:		0		Minor:		0
Is a follow up visit required:			Yes	X	No	Date(s) of follow up visit:				
Follow-up visit remarks:										
Team Leader Recommendation:										
Corrective Action Plan(s) Accepted			Yes		No		N/A	X	Date:	
Proceed to/Continue Certification			Yes	X	No		N/A		Date:	August 10 2018
All NCR's Closed			Yes		No		N/A	X	Date:	
Standard audit conducted against:										
1)	SFIS 2015=2019			3)						
2)				4)						
Team Leader (1):			Team Members (2,3,4...)							
Brian Callaghan			2)							
			3)							
			4)							
			5)							
Scope of Supply: (scope statement must be verified and appear in the space below)										
Forest management on approximately 400,000 acres in Michigan										
Accreditation's		ANAB								
Number of Certificates		2								
Proposed Date for Next Audit Event										
Date	August 8-9 2019									
Audit Report Distribution										
liliana.ramirez @us.bureauveritas.com										
Eric Stier - eric.stier@amforem.biz										

Clause	Audit Report
Opening Meeting Aug 8/18	Participants: Eric Stier(General Manager), Matt Brooks, Pat Bezyk Discussions: <ul style="list-style-type: none"> > Introductions > Scope of the audit > Audit schedule/plan > Nonconformance types – Major / Minor > Review of previous nonconformances – 0

	<ul style="list-style-type: none"> ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
<p>Closing Meeting</p> <p>Aug 9/18</p>	<p>Participants: Eric Stier, Brendan Bal</p> <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Introductions and appreciation for selecting Bureau Veritas Certification. ➤ Review of audit process - process approach and sampling. ➤ Review of OFIs and System Strengths ➤ Nonconformances - 0 ➤ Date for next audit – August 8-9 2019 ➤ Reporting protocol and timing